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C O N F I D E N T I A L SANTO DOMINGO 001185

SIPDIS

PLEASE PASS TO USTR (DOLIVER)

E.O. 12958: DECL: 07/21/2018  
TAGS: [ECON](#) [ETRD](#) [DR](#)  
SUBJECT: PRESIDENT FERNANDEZ REQUESTS CONTRACT EXTENSION  
FOR TRANSPORTERS WHILE BLOCKADE OF CHEVRON CONTINUES

REF: SANTO DOMINGO 1023

Classified By: Charge d'Affaires Roland Bullen

¶1. (C) On July 18, the Civil and Commercial Court of San Cristobal ruled in favor of Chevron's petition that a blockade of the refinery by a transportation union is illegal and should be halted immediately. President Fernandez called the Ambassador on July 21 to convey a request from the transporters for a one-year extension of the fuel delivery contract, and offered his personal assurances that the contract would end after one year. The Embassy delivered this message to Hector Infante, Chevron's Manager for Caribbean Global Downstream, who told Econoff that a one year extension would not be acceptable. President Fernandez then requested a meeting with Chevron on July 22, presumably to deliver the same message. Chevron is considering next steps and has indicated an interest in raising this issue at a higher level in Washington, including with the Department of Commerce and USTR. Embassy will meet with Chevron on July 23 to discuss options. End Summary.

¶2. (U). On July 18, the Civil and Commercial Court of San Cristobal ordered the transportation union and its leaders to immediately stop blockading the refinery and to allow the free transit of Chevron trucks. The court also ordered the payment of 100,000 pesos (USD 2,941) per day until the blockade, which has been in place since June 9, is lifted. The union leaders have announced that they plan to appeal the ruling and do not intend to stop the blockade. Vice President Alburquerque, who heads the government commission named by the President to mediate the dispute, told the press on July 21 that the government is seeking an opinion from the executive branch legal advisor before it takes any decisions.

¶3. (C) On July 21, President Fernandez called the Ambassador, who is currently in the U.S., to convey a request from the transporters for a one-year extension of the fuel delivery contract. Fernandez said the transporters needed one more year in order to pay off bank obligations, although he added that they had asked for two years and Fernandez pushed them to accept one instead. Fernandez said that he was willing to meet with Chevron to offer his personal assurances that the contract would not extend beyond one year. (Note: The President requested a meeting with Chevron on July 22.) The Ambassador questioned why Chevron would accept such an offer after having already delayed implementation of the contract for over a year at the request of the government. He promised to deliver the message to Chevron and get back to the President with their response. (Note: As a clear sign that this issue is not about labor or social issues as the President previously insisted (ref), Fernandez did not raise these issues during the call. In a previous phone call with the Ambassador on July 16, Fernandez had acknowledged that Chevron had made a fair offer of compensation to the drivers

who would be losing their jobs.)

¶4. (C) Econoff delivered the President's message to Hector Infante, Chevron's Manager for Caribbean Global Downstream, who said that a one-year extension of the contract would not be acceptable. Infante told Econoff that Chevron would consider other options such as a possible offer of compensation for what one year of the contract might be worth. Infante requested a meeting with the Embassy on July 23 to discuss next steps, including raising the issue at higher levels in Washington and requesting advocacy from other USG agencies such as Commerce and USTR.

¶5. (U) Public support for Chevron has been increasing as media attention has focused on the power of the union to distort free trade and the failure of the government to take action to address the situation. On July 17, the union temporarily extended the blockade of the refinery to include all fuel deliveries when it discovered that Chevron had been receiving supplies from a competitor. As a result, the competitor ended the agreement and more Texaco gas stations have since closed due to lack of fuel. Several private sector groups, including the American Chamber of Commerce, have spoken out in the media about the negative impact this dispute is having on the investment climate in the country. In a statement on July 16, the influential non-governmental organization FINJUS called for the government to maintain public order and enforce the law against those seeking to use force and intimidation to resolve the conflict. On July 20, the leftist tabloid newspaper El Nacional reported that the Minister of Industry and Commerce was offered a bribe of approximately USD 750,000 to decide in favor of the transportation union. The Minister declined to comment on

the allegations.

¶6. (C) Comment: With public support of Chevron increasing and a court order issued to stop the blockade, President Fernandez has a difficult political decision to make. He appears to have dropped all pretense of concern for the drivers who will lose their jobs and is seeking to appease the union leaders, with whom he and his family are reported to have close ties. In doing so, Fernandez has shown no real concern for the impact this dispute has had on the investment climate and the negative message that this sends about the government's willingness to enforce the rule of law. So far Chevron has not raised the issue of CAFTA-DR in the media or in conversations with the Embassy. However, CAFTA-DR is being mentioned in the media and the government has also acknowledged that it must evaluate how the treaty may apply to this dispute. The Ambassador has now raised this issue with Fernandez several times and the President continues to support the union's request for a contract extension, an unacceptable solution to Chevron. Therefore, it is likely that Chevron will request higher level advocacy from Washington, a request that the Embassy would support. End comment.

BULLEN